

END OF SEPTEMBER UPDATES: NOTABLE EVENTS

SINGAPORE ECONOMY / POLITICS

- The Singapore dollar's 120-day correlation with the US dollar fell to -0.94, the most inverse in Asia. SGD is up 1.8% this quarter, leading Southeast Asia.
- MAS proposed a stablecoin framework banning interest payments, mandatory stress testing and wind-down plans. It also committed S\$220M over three years to fintech and AI readiness.
- Barclays plans to more than double its Singapore private banking headcount and restarted its Singapore booking centre. Bloomberg Intelligence expects Asian private banking inflows to grow more than 11% a year through 2031, broadening beyond the ultra-rich.
- Blackstone's AirTrunk is seeking about S\$2B in loans to finance a Singapore data centre REIT listing, seen as a key test for Asian data centre financing.

US ECONOMY / POLITICS

- Fed raised rates 25bp to 3.75%-4.00%, its first hike since 2023, with 16 of 19 officials backing one more by year-end. Markets price about 65% odds of an October hike. Aug core CPI was 2.4% YoY.
- 10-year Treasury yield topped 5% for the first time since 2023 and is at 5.21% as of 28 Sept. The 30-year is near 5.5%.
- Trump and Xi extended their trade truce to 10 January at the Washington summit. Semiconductor export controls, Taiwan and Iran remain unresolved.
- The US-Canada trade war escalated, with Ottawa imposing 50% steel duties and Washington banning several Canadian goods.



Source: The New York Times

APAC ECONOMY / POLITICS

- Bank of Japan raised its policy rate to 1.25%, but unclear guidance left the yen fragile at around 157-158 per dollar. The 10-year JGB yield reached about 3.1%, a three-decade high.
- Bank of Korea has hiked twice to 3%. JPMorgan expects further hikes to 3.75%, citing a chip-driven growth boom. Kospi ended the period near 6,970, down about 2% from 7,134.
- PBOC warned against "herd effect" behaviour as the yuan hit a four-year high near 6.7 per dollar. August retail sales rose just 0.4%, and MSCI China consumer sub-indexes are near 10-year lows.
- ADB raised its 2026 developing Asia growth forecast to 5.0% and trimmed its inflation forecast to 4.2%, citing energy shocks and El Niño. Australia's consumer sentiment fell 5.2% to 84.4 in September on rate and fuel-cost fears.

Major Global Economic Calendar

Date	Event
1 st October	Japan Tankan Survey
2 nd October	US Non-Farm Payrolls
14 th October	US CPI
19 th October	China Q3 GDP
27-28 th October	FOMC Meeting & Rate Decision
29-30 th October	Bank of Japan Policy Decision
30 th October	US PCE Price Index

KEY TAKEAWAYS

BOND ROUT AND THE FED’S FIRST HIKE

Treasuries sold off through the month as hot inflation data, oil and heavy AI-related issuance collided with a hawkish Fed under Chair Warsh. The 10-year yield broke 5% ahead of the 16 Sept hike, and a weak 5-year auction on 23 Sept pushed yields to their highest since 2007. Global government bond yields also crossed 4% for the first time since 2007. Treasury Secretary Bessent's buyback expansion failed to hold gains, and his 28 Sept call for an "open mind" on rates did little to change the market's view. Swaps now price about three more hikes over the next year, and the extra yield of 10-year over 2-year notes narrowed to as little as 17bp. Gold fell from above \$4,700 to about \$4,265 as rising yields outweighed its safe-haven appeal.



Source: CNBC

HORMUZ STANDOFF KEEPS OILS EXTENDED

The US-Iran war entered its seventh month with tit-for-tat tanker strikes and an indefinite US naval blockade. Brent rose from around \$90 to as high as \$108 mid-month, dipped toward \$98 on hopes of a phased deal and Saudi pipeline repairs, then rebounded to about \$106. European diesel's premium to Brent hit a record above \$95 a barrel after Trump floated a US export ban. Washington proposed a \$5B reconstruction fund for Middle East infrastructure, and Bessent said Iranian oil deliveries to China should end within about two weeks.

AI TRADE: FRIGHT, THEN A META-LED REBOUND

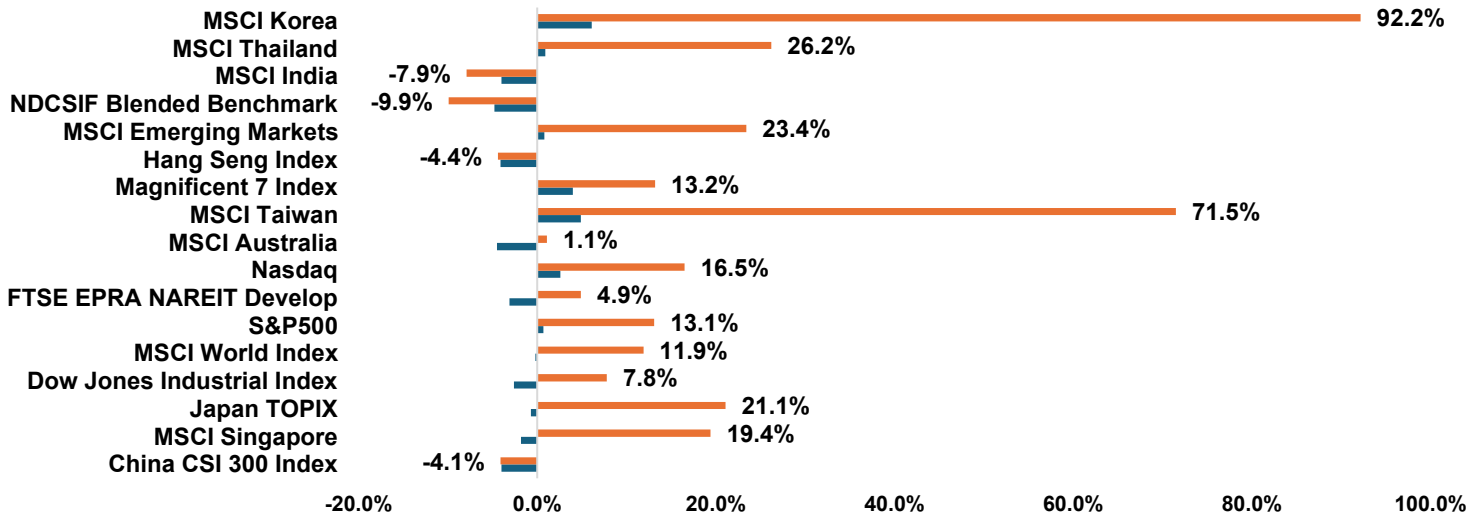
Anthropic and OpenAI's calls to slow frontier AI, and Trump's "hoax" response, hit SoftBank (-13% in a day) and pushed its CDS toward three-year highs. SoftBank then priced roughly \$11B of junk bonds at yields up to 9.75%, one of the largest such offerings on record, with demand above \$30B. The mood flipped on 22 Sept when Meta's Muse agent topped app rankings, sending Meta up 11% in a day and about 36% for the month. The Philadelphia Semiconductor Index rose 4.3% in a day, its biggest rally since 4 August. Family offices kept deploying into AI infrastructure.



Equities	Price / Level	Monthly Change	YTD Returns
S&P 500	7,743.41	+0.41%	+13.10%
NASDAQ Composite	27,068.72	+2.52%	+16.50%
Straits Times Index	5,741.30	+0.35%	+23.50%
Hang Seng Index	24,682.11	-2.85%	-4.40%
Commodities	Price / Level	Monthly Change	YTD Returns
WTI Crude Futures	\$94.05	+12.67%	+62.98%
Brent Crude Futures	\$105.96	+18.79%	+74.10%
Gold (\$/oz)	\$4,265.00	-4.03%	-1.24%
FX	Price / Level	Monthly Change	YTD Returns
DXY (USD Index)	101.12	+2.03%	+2.94%

MONTHLY DATA MONITOR

Performance: Monthly % Change & Year-to-Date % Change



FUND COMMENTARIES

I. Private Credit

Redemption pressure persisted. Apollo Debt Solutions BDC capped redemptions at 5% for a third straight quarter after 14.7% of investors asked to exit, and Cliffwater and Blackstone's BCRED also gated at 5%. Australia's A\$200B private credit market was rattled by Bathla Group's insolvency on A\$3.3B of debt owed to over 40 funds, with up to 60% of the market exposed to real estate. Managers still deployed capital: Apollo provided \$585M of hybrid financing to The Executive Centre, and CapitaLand Investment launched a US\$500M Asia-Pacific credit fund (ACP III). Citi's survey showed private credit as family offices' most bearish allocation, with a net 12% planning cuts.

II. Real Estate

Higher yields pressured property. Australian home prices fell for a fifth straight month, with Sydney down about 7% from its February peak, and HSBC now expects a 13% peak-to-trough fall. PGIM turned more selective on Japanese real estate as JGB yields hit three-decade highs. Brookfield agreed to buy Reliance Worldwide for \$2.9B, taking US housing exposure. CapitaLand's ACP III targets senior-secured real estate lending in Sydney and Seoul.

III. Infrastructure

Digital infrastructure demand stayed strong. Microsoft plans to triple data centre capacity by 2032, Alibaba is expanding into Europe and the Middle East under a 20GW plan, and KKR has invested around \$3B in Korea this year. Renewables were mixed: German solar developer Enerparc filed for insolvency on about €3B of debt, Japan's solar sites are running out, and River1 launched a US infrastructure ETF backed by the Michels family office.

CHART OF THE MONTH

US 10-YEAR TREASURY YIELD: ABOVE 5% FOR THE FIRST TIME SINCE 2023

